

EVALUATION OF TRAINING IMPLEMENTATION IN BANKING INDUSTRY IN UAE: A COMPARATIVE ANALYSIS

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ABSTRACT

Training needs are being regularly assessed for the operational level employees across banking sector in UAE. These banks have sufficiently large number of employees, who are employed at the branch level and engaged in daily banking operations like transactions across teller counters, processing papers on credit application, selling financial products like mutual funds and insurances etc. Performance of these large numbers of employees plays a very critical role in setting the direction of not only the respective branch performance, but also of the overall organization as a whole. Therefore, regular training is required for the continuous improvement in the performance of this category of workforce and both local and foreign banks design and develop the training programs according to their respective priorities. Based on the feedback of 498 operational employees of 16 branches of four major banks, two each from local and foreign bank categories, located in emirates of Dubai, the present study attempts to analyze the major determinants of the training need assessment and the level of different types benefits from such training interventions as perceived by the respondents.

Keywords: Training Effectiveness, Operational Employees, Dubai, Selected banks, JEL classification: M5 M53.

INTRODUCTION

It has been found that all the banks in UAE provide various kinds of training across the organizational hierarchy. However, the trainings on employee orientation, functional skill, employee attitude, quality assurance etc. are observed to be more common for the operational employees in the major banks in UAE. The studies have also shown that generally every bank maintains an apex training college and a few training centers (Robinson and Moglekar, 2011). For example, all the banks covered in the present study maintain two to three apex training centers across major emirates under the guidance of the Central Bank of UAE. However, on the issue of training climate and the organizational commitment for the training initiatives, more research needs to be done.

In the fast changing eco-system challenges in terms of operational roles are fast increasing in the banking sector. The available literatures have shown that the banks in the Middle East region in general and UAE in particular, have divided the training strategy into two main areas to cope up with these changes and to make the employees more competitive and effective in their respective roles. These initiatives have been categorized as foundation interventions and need interventions (Louis, 2015). The foundation interventions are mainly focused on developing operational level understanding in terms of basic banking rules on transactions, document processing, functional risk aversion etc., whereas the need interventions

have been constantly changing. The same study has shown that during 1990s and early 2000, most of the banks in UAE have done a lot of experimentation with this part of training intervention, i.e., need based training programme. The study further indicates that the contents of such trainings have been modified atleast once in two years and by the end of the third year, almost 40% of the training contents and priorities have been changed in most of the banks in UAE. It clearly indicates that the training needs are being regularly assessed and the training contents are modified accordingly. The same observation has been reflected in some other studies as well. It has been found that, the banking organizations in UAE are emphasizing on skill building on customer relationship management, emotional stability and technical competency at the operational level and serious development initiatives on business development, branch management etc. have been initiated for middle level employees (Hekrout, 2014). Another study has indicated that over the twenty years of service with an organization, an employee passes through four career stages and for each stage, the banks have developed different training focuses (Al-Huzaibe, 2010). The study indicates that at the joining stage the operational employees go through acquaintance and basic training, which makes him or her a part of his role. At the second stage, the same employee passes through a responsibility training, which makes the individual employee understood about his status as revenue generator. According to the study, the same person learns more critical tasks like handling litigation, complying with more serious responsibilities like managing different cliental etc. and at the final stage, the focus is shifted to managerial responsibilities of greater extent. The research indicates that the scope of flexibility in training increases with the later stages of the career and the priorities shift from training to development orientations accordingly. Therefore, the same observations are reflected in different studies, though different scholars have addressed the issue from different perspectives.

LITERATURE REVIEW

In the present research, four largest banks operating in United Arab Emirates have been chosen. These are Emirates NBD Bank, Mashreq Bank, HSBC and Arab Bank. Emirates NBD and Mashreq Banks are local banks, based in UAE; whereas HSBC and Arab Banks are head quartered outside UAE. Established in 2007 in Dubai, as the result of the merger between Emirates Bank International and National Bank of Dubai, Emirates NBD is the largest commercial bank in UAE and one of the largest in entire Middle East. As per the information, published by the bank, it has the total asset of US \$169.8 billion in the year 2019 (Emirates NBD Bank, 2019). In terms of total manpower employed, it also enjoys the rare honor of employing almost 10000 employees, representing 70 nationalities in UAE and across the globe. Founded in 1967 in Dubai, Mashreq Bank is the oldest and second largest bank of UAE in terms of total assets and manpower. Originally known as Bank of Oman, the bank rebranded itself as Mashreq Bank in 2013. As on 2019, the bank has the total assets of US \$141.98 billion and more than 4000 direct employees of 62 nationalities based in UAE and abroad (Mashreq Bank, 2019). HSBC is a giant in international banking since its initial days. HSBC's presence in the UAE dates back to 1946 when the bank, initially called the British Bank of Iran and the Middle East, opened its doors to the merchants and citizens of the Emirates. However, following the withdrawal from Iran, the bank was renamed as the British Bank of the Middle East since 1952. However, the bank was acquired by the Hong Kong and Shanghai Banking Corporation and renamed as HSBC across the globe, including Middle East. The bank created a separate entity, exclusively for Middle East in 1994 and the new entity was named as HSBC Bank Middle East

Limited, which was headquartered in Jersey, UK. In UAE, the head quarter of the bank is located in Dubai, the financial hub of the Middle East. As on 2019, the UAE operation of the bank has the total assets of US \$ 83.4 billion and has more than 1800 employees from 29 nationalities (HSBC bank, 2019). Established in 1930, in Amman, Jordan, Arab Bank is considered as one of the oldest and biggest banking organization of the Arab world. It entered UAE in 1979 as set up the first branch at emirates of Sharjah and later set up main operational headquarter in Dubai. As on 2019, the bank has the total asset of around US \$ 17.1 billion in UAE and around 800 staff members from 15 nationalities (Arab Bank, 2019).

Significance of the Present Study

The present study is significant for two different reasons. The first reason is more subjective than objective as it intends to understand the process of training needs assessment in the light of newer management involvements and priorities in the fast changing banking environment in the country. However, the second reason can be identified as the core reason, where the present research has the objective of explaining different factors influencing the training needs assessment process. The present study has carefully chosen the factors like top management participation, employee suggestions, systematic need analysis technique and strength-weakness of individual employees from the different studies undertaken earlier. Though, the factor of top management participation (Singh, 2009), employee suggestions (Abdullah & Srinivasan, 2011), systematic need analysis technique and strength-weakness of individual employees (Robinson & Muglekar, 2011) have been separately studied as the influences of training need assessment process in banking industry, no comprehensive and comparative study of these factors as influences of training needs assessment has been done till date. Moreover, the present study has also attempted to understand the benefits of such training programmes from the employees' perspectives. Therefore, the present research attempt may be more conclusive and comprehensive over the previous research attempts to a great extent.

METHODOLOGY

The present research has been undertaken with the following objectives:

1. To evaluate any significant difference with respect to the proceedings in the assessment of training needs in the local and foreign banks in UAE.
2. To highlight the relative importance of different factors in determining training needs in the major UAE banks from the perception of the respondents.
3. To understand any significant difference in opinion between male and female employees on the relevance of training programmes conducted by the banks.

The present study is based on exploratory research design and later on converted into descriptive research design. A structured questionnaire was designed on the basis of data generated from interviews of experienced managers and training experts of various organizations on five point Likert scale. During this pilot study, some suggestions and comments from the experienced branch executives of Emirates NBD Bank, HSBC Bank, Mashreq Bank and Arab Bank were taken. The pilot study was conducted on 69 operational employees from the five large branches of the above four banks. The level of agreeableness of the respondents on six key determinants of training need assessment process was evaluated through 5-point Likert scale in the first part of the questionnaire. The determinants studied were the active involvement of the regional management in deciding training needs (Factor 1), considerations of employee

suggestions in deciding training contents (Factor 2), systematic analysis of performance gap (Factor 3), strength and weakness of individual employees as reported by immediate superior (Factor 4), general training interventions on some fundamental aspects of banking as decided from time to time (Factor 5) and individual employee intention to participate in specific training (Factor 6). The second part of the questionnaire, has, however, covered four main benefits, those can be the direct outcome of the training programmes. These are relevance of such training in immediate job responsibilities in terms of better role understanding and functional efficiency (Issue 1), betterment in career opportunity in terms of fasten career progression within the organization (Issue 2), preparing an participant for higher roles in future within the organization and finally (Issue 3), the relevance of such trainings in terms of overall development of the participant as the banking industry professional (Issue 4).

Based on the feedback received from 69 respondents, the reliability of the questionnaire was tested through SPSS version 19 software. The Cronbach Alpha value shows that all the factors and issues covered under the present study are highly reliable research instrument for further use in the detail study. The overall Cronbach Alpha value of the six determining factors of training needs assessment, covered under the first part of the questionnaire was found to be 0.73, whereas the second part of the questionnaire containing the feedback on the training benefits was also observed to be highly reliable (Cronbach Alpha value 0.78). Once, the questionnaire was found to be reliable, the same was applied on larger number of employees of 16 branches of the four banks located in Dubai. The questionnaire was administered only on those operational employees, who have completed at least five years of service with the same organization and have attended at least three training programmes organized by their respective banks. The non-probability sampling technique was adopted as the employees fulfilling specific criteria as mentioned above are only covered under the study. Such selective approach was taken based on the suggestions given by the branch managers during the pilot survey stage. The final survey took almost three months time to complete. It was reported to the researcher that initially 600 questionnaires were distributed among the target group, out of which only 509 responses were received and finally 498 responses were considered. It has been found that more responses have been received from Emirates NBD Bank and Mashreq Bank, though the research attempted to cover equal number of branches, i.e. eight each from each of the banks. Out of 498 responses considered, 299 responses have been from Emirates NBD Bank and Mashreq Bank and remaining from other two foreign banks (Table 1).

Table 1
DISTRIBUTION OF RESPONDENTS FROM LOCAL AND FOREIGN BANKS.

| Name of the Bank | Number of respondents | % of Total respondents |
|-------------------------|------------------------------|-------------------------------|
| Emirates NBD Bank | 200 | 40.16% |
| Mashreq Bank | 99 | 19.87% |
| HSBC Bank | 112 | 22.48% |
| ARAB Bank | 87 | 17.46 % |
| Total | 498 | 100% |

Source: Primary data (Survey)

RESULTS AND DISCUSSION

Data collected through structured questionnaire were processed in line with the research objectives as mentioned above. Standard statistical tools like mean, standard deviation and t-test have been conducted to analyze the data according to research needs (Table 2).

Table 2
DESCRIPTION OF STATISTICAL TOOLS USED AGAINST EACH RESEARCH OBJECTIVES.

| Serial Number | Research Objective | Statistical tools applied |
|---------------|--|----------------------------------|
| 1 | Evaluation of any significant difference with respect to the proceedings in the assessment of training needs in local and foreign banks. | Mean, Standard Deviation, t-test |
| 2 | Highlighting the relative importance of different factors in determining training needs in the local and foreign banks from the perception of the respondents. | Mean and Standard Deviation |
| 3 | Understanding the difference in opinion between local and foreign bank employees on the relevance of training programmes conducted by the banks. | Mean and Standard Deviation |

In the process of evaluating any significant difference between the foreign and local banks regarding the process of training need assessment, the following findings can be observed (Table 3).

Table 3
COMPARATIVE ANALYSIS OF EMIRATES NBD AND MASHREQ BANK AND FOREIGN BANKS WITH RESPECT TO THE PROCESS OF TRAINING NEEDS ASSESSMENT.

| Process in Assessment of Training Needs | Banks | No. of respondents | Mean | Standard Deviation | t-test | p-value |
|---|---------------|--------------------|------|--------------------|--------|---------|
| | Local banks | 299 | 2.96 | .57 | 4.514 | 0.00 |
| | Foreign banks | 199 | 2.74 | .46 | | |

The analysis of the above table shows that a significant difference exist between the local and foreign banks with respect to the process in assessment of training and development needs as the calculated p-value is less than 0.05.

In the process of highlighting the relative importance of different factors, the mean and standard deviation of the responses of the employees from the local and foreign banks have been compared (Table 4). To compare the opinions, responses on first part of the questionnaire, comprising of six different factors determining training needs assessment have been considered.

Table 4
RELATIVE IMPORTANCE OF DIFFERENT FACTORS DETERMINING TRAINING NEEDS
ASSESSMENT IN LOCAL AND FOREIGN SECTOR BANKS.

| Factors | Local banks (Emirates NBD and Mashreq Bank) | | Foreign Banks (HSBC Bank and ARAB Bank) | |
|---------|---|--------------------|---|--------------------|
| | Mean | Standard Deviation | Mean | Standard Deviation |
| 1 | 2.5 | 0.34 | 2.9 | 0.28 |
| 2 | 2.4 | 0.35 | 2.7 | 0.27 |
| 3 | 2.8 | 0.38 | 2.7 | 0.31 |
| 4 | 2.3 | 0.27 | 2.8 | 0.45 |
| 5 | 2.6 | 0.43 | 2.7 | 0.40 |
| 6 | 1.3 | 0.29 | 1.6 | 0.31 |

It has been found from the above analysis that the regional level management's involvement (Factor 1) is higher in the foreign banks than the Local banks. Even, in the foreign banks, employees' suggestions (Factor 2) are given more importance than the Local banks. While comparing the response patterns, it has also been found that the unanimity of opinion is also higher among the foreign bank employees on these two issues. In determining training needs, the Local banks are however, found to be more systematic and dependent on performance gap assessment (Factor 3). Feedback and recommendation of the immediate superior (Factor 4) has been found to be almost equally significant in deciding training needs in both local and foreign banks, though, the local bank employees have been found to be more divided. General training intervention by the top management (Factor 5) has been found to be almost equally important in assessing training needs in both local and foreign banks. Finally, it must be stated that both local and foreign banks have the very limited practice of employee's self-nomination (Factor 6) to different training programs and the responses of the employees are found to be almost equally divided on the issue. From the above responses, it can be said that in Local banks, highest importance is given on systematic performance gap analysis in assessing training needs, whereas, the regional management level involvement plays the most crucial role in determining training needs for the branch level operational employees in foreign banks in Dubai.

In the process of understanding the difference in opinion between local and foreign bank employees on the relevance of training programmes conducted by the banks, standard statistical tools like Mean and standard deviation have been applied on the data received from the five issues covered in the second part of the questionnaire (Table 5).

Table 5
DIFFERENCE IN OPINION BETWEEN LOCAL AND FOREIGN BANK EMPLOYEES ON THE
RELEVANCE OF TRAINING PROGRAMMES.

| Issues | Local banks | | Foreign banks | |
|--------|-------------|--------------------|---------------|--------------------|
| | Mean | Standard Deviation | Mean | Standard Deviation |
| 1 | 2.9 | 0.50 | 4.1 | 0.49 |
| 2 | 3.1 | 0.37 | 3.8 | 0.34 |
| 3 | 3.5 | 0.29 | 2.7 | 0.32 |
| 4 | 3.4 | 0.27 | 3.5 | 0.29 |

The above analysis has shown that in the Local banks, operational employees are most appreciative of the trainings as helpful for their future roles in the same organization, whereas the foreign bank employees have found the training most helpful for their current roles. Both Local bank employees and foreign bank employees are however found to be most divided in their opinions on the first issue, i.e., the role of the training in helping their current roles. It should be stated here that for their career opportunity and overall development as the industry professional, employees from both the local and foreign banks have opined in almost same manner. From the above findings, it can be stated that except on the fourth issue, the employees from local and foreign employees maintain significantly difference in opinions on the benefits from the training programmes, which seems to be highest on the issue of benefit on the current role (Issue1) and lowest on the benefit for overall development as the industry professional (Issue 4).

Key Research Findings

Following key findings have been derived from the present research.

1. Significant difference exists between the local and foreign banks in the process of training needs assessment.
2. Training needs assessment technique is more structured and systematic in Local banks.
3. Training needs are assessed with more long-term orientation in Local banks as the trend of opinion shows that the employees have found such training more helpful for their future roles in the organization than their present role.
4. Though, the training needs assessment in foreign banks are found to be contingency based and mainly focused on present roles and responsibilities, it can be appreciated for being more flexible than the Local banks.
5. Scope of employee's participation through suggestions scheme etc. in training needs assessment and chance of self-nomination for specific training programme is found to be higher in foreign banks, which shows a better employee engagement in overall training initiatives.

RECOMMENDATIONS

From the above key findings following recommendations can be made:

1. Apart from the structured and centralized training needs assessment practice, very limited scope of employee engagement in the whole process are also found to be the reality in foreign banks. Therefore, more emphasis can be given on this aspect as well for making the whole process better and efficient.
2. On the contrary, more planned intervention is required in foreign banks, which can balance their present strength like better employee engagement with their weakness in the area of better planning and control.
3. In Local banks, training is considered helpful for the future role, rather than improving efficiency in the current role. This shortcoming may be addressed by incorporating some more areas in training, which can help in improving employee efficiency in terms of better customer satisfaction, fastening of job completion time etc.
4. Though the foreign banks, are more focused on the current needs of their employees, a long term orientation should be added in the training initiatives, which can be a facilitator of employee retention, higher morale and better career management of their operational employees.

LIMITATION OF THE STUDY

The study has the limitations as all the data have been collected through single source self-reported measures. Therefore, common method variance may be a major problem. Responses of individual survey items may not be truly independent as there has been a chance influence of group membership. From this perspective, it can be said that more research is needed to examine the generalization of this study. Moreover, the present research has also not covered other organizations in the banking industry and the study can be extended to other banks as well. The research can also be extended to other major emirates like Abu Dhabi, Sharjah etc.

CONCLUSION

The study is a systematic effort to understand the factors determining training needs assessment process and the effectiveness of such training programmes in the local and foreign banks.

Based on the research effort, several observations have come up on the issues, which denote few similarities and many dissimilarities on the prevailing practices of the local and foreign banks. However, further studies may can be done on the same issues by expanding the research scope and horizon.

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